



Working Together for a Healthier Washington

Medicaid Transformation: *Potential for a Global Waiver*

March 10, 2015



Better Health, Better Care, Lower Costs



Connecting Online

- 2 Options for Audio: “Use Mic & Speakers” or “Use Telephone”.
- Please use the online question pane to submit questions throughout the webinar.



Goals for This Webinar

- Set the context for Medicaid Transformation within Healthier Washington
- Present the vision for Medicaid Transformation
- Provide an introductory overview of Global Section 1115 Waiver Demonstrations
- Discuss the value and need for global federal waiver authority
- Discuss engagement opportunities



Today's Presenters

- MaryAnne Lindeblad, Medicaid Director
Health Care Authority
- Bill Moss, Assistant Secretary
Aging and Long Term Support Administration
Department of Social and Health Services
- Jane Beyer, Assistant Secretary
Behavioral Health and Service Integration
Department of Social and Health Services
- Nathan Johnson, Chief Policy Officer
Health Care Authority

The Plan for a Healthier Washington

The Plan for a Healthier Washington

Build healthier communities through a collaborative regional approach

Ensure health care focuses on the whole person

Improve how we pay for services

Implementation tools:

State Innovation Models grant, state funding, potential federal waiver, philanthropic support
Legislative support: HB 2572, SB 6312



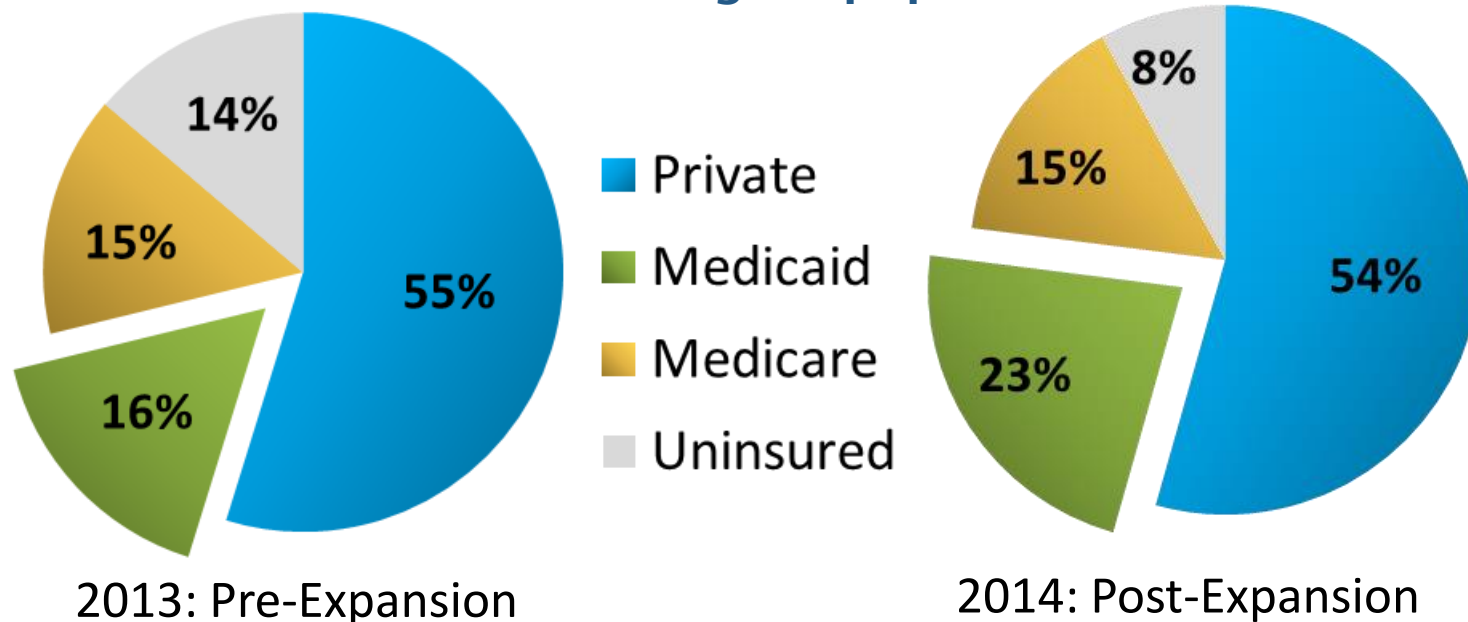
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Health System Transformation

Progress on Coverage Expansion

Washington State has taken an aggressive approach toward increasing health coverage by leveraging opportunities through the Affordable Care Act, including the Medicaid expansion and implementation of a State-based Marketplace (Washington Healthplanfinder).

Total Washington population



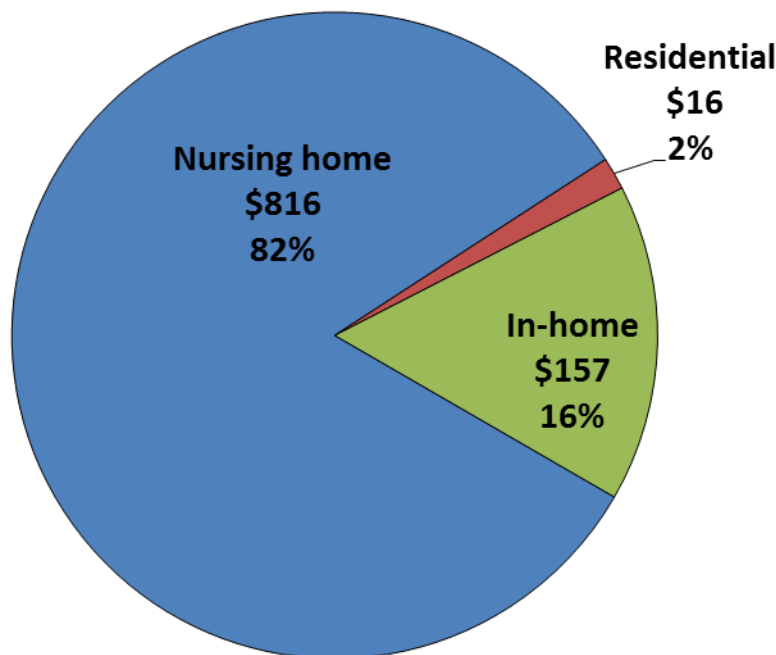
Source: Washington State Office of Financial Management analysis based on OFM county population estimation model and studies by Gallup, Commonwealth Fund, and Kaiser Family Foundation.

As a result of the Medicaid Expansion, Washington has enrolled approximately 508,000 newly eligible Medicaid adults as of February 2015.

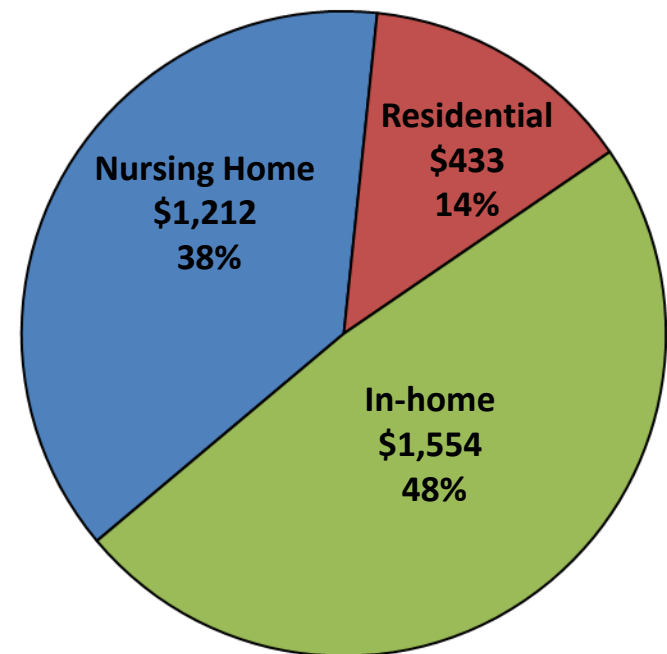
Successful Rebalance of Long-Term Services and Support (LTSS)

Washington continues to be at the forefront of national efforts to shift reliance for LTSS from expensive institutional settings to cost-effective home and community based services — options that are preferred by consumers. Our LTSS system is ranked 2nd in the nation for its high performance at the same time as its ranking for cost is 34th.

1991-1993 Biennium



2013-2015 Biennium

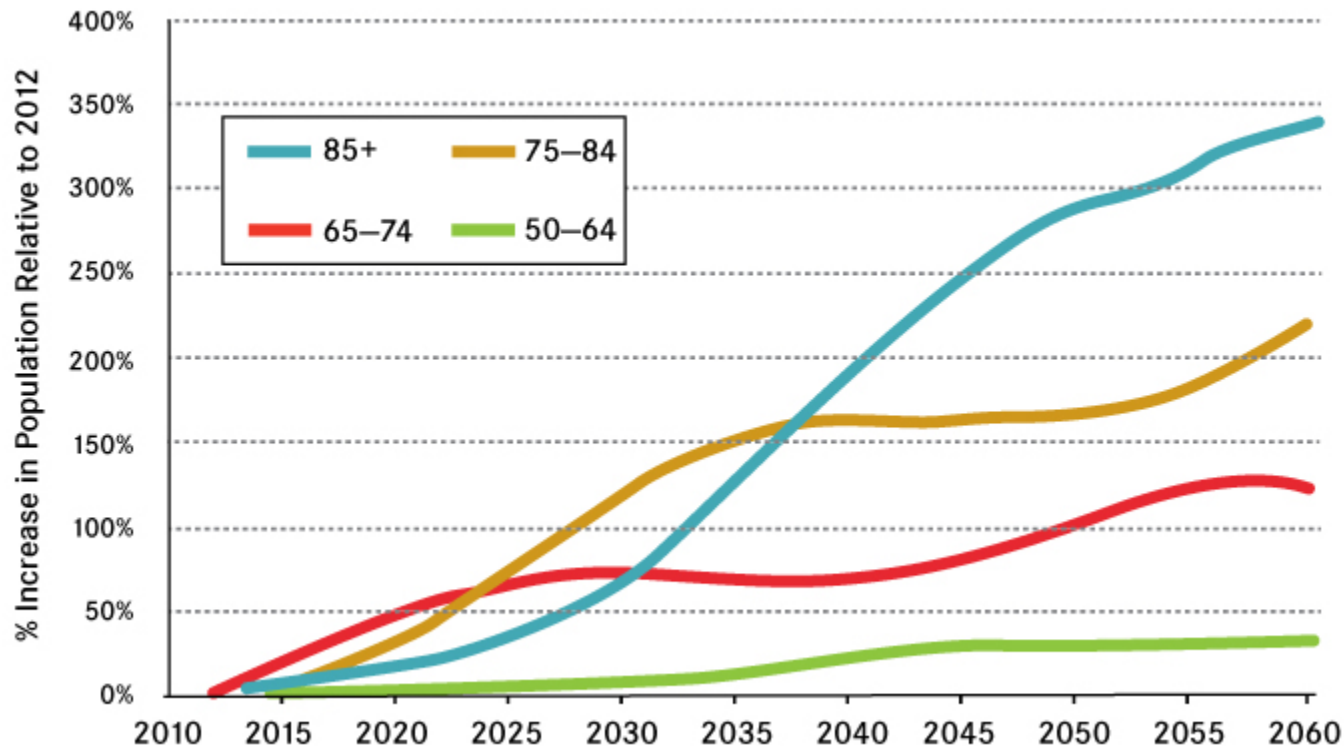


Source: Washington State Department of Social and Health Services, Research and Data Analysis Division.

\$2.7 billion cumulative savings since 1999

Unprecedented Demand for LTSS

Projected Growth of Older Population in WA State as % of 2012 Population



Source: Washington State Department of Social and Health Services, Research and Data Analysis Division.

The number of people ages 85 and over is expected to rise significantly over the next 20 years. Projected growth in an aging population will increase LTSS and other health care costs.

Delivery System Transformation

Current System		Transformed System
Fragmented clinical and financial approaches to care delivery	➔	Integrated systems that deliver whole person care
Disjointed care and transitions	➔	Coordinated care and transitions
Disengaged clients	➔	Activated clients
Capacity limits in critical service areas	➔	Optimal access to appropriate services
Individuals impoverish themselves to access needed LTSS	➔	Timely supports delay or divert need for Medicaid LTSS
Inconsistent measurement of delivery system performance	➔	Standardized performance measurement with accountability for improved health outcomes
Volume-based payment	➔	Value-based payment

Healthier Washington: Policy Direction



Washington enacted legislation furthering delivery system reform:

- **SB 5732/HB 1519 (2013)**
Cross-system performance measures for health plan contracting and system monitoring
- **HB 2572 (2014)**
Value-based purchasing reform; increased transparency; empowered communities, standardized performance measures
- **SB 6312 (2014)**
Whole-person integrated managed care

Healthier Washington: SIM Initiative



State Innovation Models (SIM) Initiative. Under SIM, Washington is launching key initiatives that invest in Washington's infrastructure to support multi-payer health transformation:

- **Community Empowerment and Accountability**
Start-up support for Accountable Communities of Health
- **Practice Transformation Supports**
Development of a Practice Transformation Support Hub for providers
- **Payment Redesign**
Four payment models that drive health system purchasers and payers toward greater accountability for improved health outcomes and reduced cost of care
- **Analytics, Interoperability, Measurement and Transparency**
Development of analytic and measurement capacity and tools that translate data from multiple sectors into actionable information
- **Project Management**
Establishment of a public-private leadership council and accountable project management practices to ensure real-time evaluation and continuous improvement



Healthier Washington: Medicaid Delivery System Transformation



Complementary Medicaid flexibility, authority, and investment to pay for non-traditional services that advance care models statewide and accelerate improvements in health and quality while reducing future Medicaid costs trends

- Helps to implement the policy direction set by the Governor and the legislature

The Vision for Medicaid Transformation

Vision for Transforming Medicaid

Washington State Medicaid will actively engage and support individuals, providers and communities in achieving improved health, better care and lower costs through:



Fully integrated managed care systems for **physical and behavioral health services** that more effectively provide whole person care



Clinical-community linkages address **social and community-based service** needs that are critical to meaningfully engaging Medicaid clients in improving their health across the life course



Cost-effective systems of care & supports that enable individuals to delay or avoid the need for Medicaid-financed services, including **long-term services and supports**



Sustainable funding streams for a transformed health system through value-based purchasing, with 80% of payments to providers on the value-based continuum by 2019

A waiver enables Medicaid sustainability by guaranteeing a reduced growth rate in health costs.



Why does Washington need a Global 1115 Demonstration Waiver?

- Flexibility to use past and anticipated future federal savings for strategic, targeted investments
- Further transformation of LTSS systems in preparation for growing aging population
- Opportunity to achieve administrative simplification and standardized performance measurement across systems
- Flexibility to fund non-traditional Medicaid services for targeted populations
- Flexibility to phase-in innovations with demonstrated ROI



Waiver Proposal Limitations

- Investments cannot fund business as usual—waiver funding must be linked to the implementation of the Medicaid Transformation vision.
- This is not a grant.
Investments must result in sustainable savings.
- A waiver is not guaranteed.
We will need to make a strong case to obtain federal approval to reinvest federal savings.
- There are several types of waiver authorities; this is a “Section 1115 waiver demonstration.”

Global (Comprehensive) Section 1115 Waiver Overview



Global Section 1115 Waiver

- Section 1115 of the Social Security Act gives the Secretary of Health and Human Services (HHS) the authority to approve experimental, pilot, or demonstration projects
- It provides flexibility and expenditure authority for states to design and improve Medicaid programs
- The purpose is to demonstrate and evaluate policy approaches, such as:
 - Changes in eligibility, benefits, cost sharing, and provider payments
 - Providing services not typically covered by Medicaid
 - Using innovative service delivery systems that improve care, increase efficiency, and reduce costs



Key Characteristics of an 1115 Waiver

- **Budget Neutrality**
 - Must result in federal expenditures for the five-year demonstration period that are no more than what would have been spent in the absence of the waiver.
- **Five-Year Demonstration**
 - Demonstrations are typically approved for 5 years.
 - Expected savings and performance outcome milestones must be achieved within 5 years.
 - The transformation is expected to be sustainable after the demonstration period ends.
- **Rigorous Evaluation**
 - Comprehensive evaluation is required to confirm or test the degree to which the program achieves the intended benefits.



How have other states used an 1115?

- Support safety-net delivery system improvements and reform
- Implement and/or expand managed care
- Modify provider payments
- Use federal funds to provide services to individuals not otherwise eligible for Medicaid
- Create different eligibility for nursing home and community based care
- Reinvest federal savings through a Delivery System Reform Incentive Pool (DSRIP) program



How are federal savings reinvested under DSRIP?

- Delivery System Reform Incentive Payment (DSRIP) Programs provide financial incentives to achieve delivery system reform through:
 - Infrastructure development
 - System redesign
 - Clinical outcome improvements
 - Population-focused improvements
- CMS has approved seven DSRIP programs to date (CA, NM, TX, KS, NJ, MA, NY).
- DSRIPs are NOT grant programs. They are performance-based incentive programs.

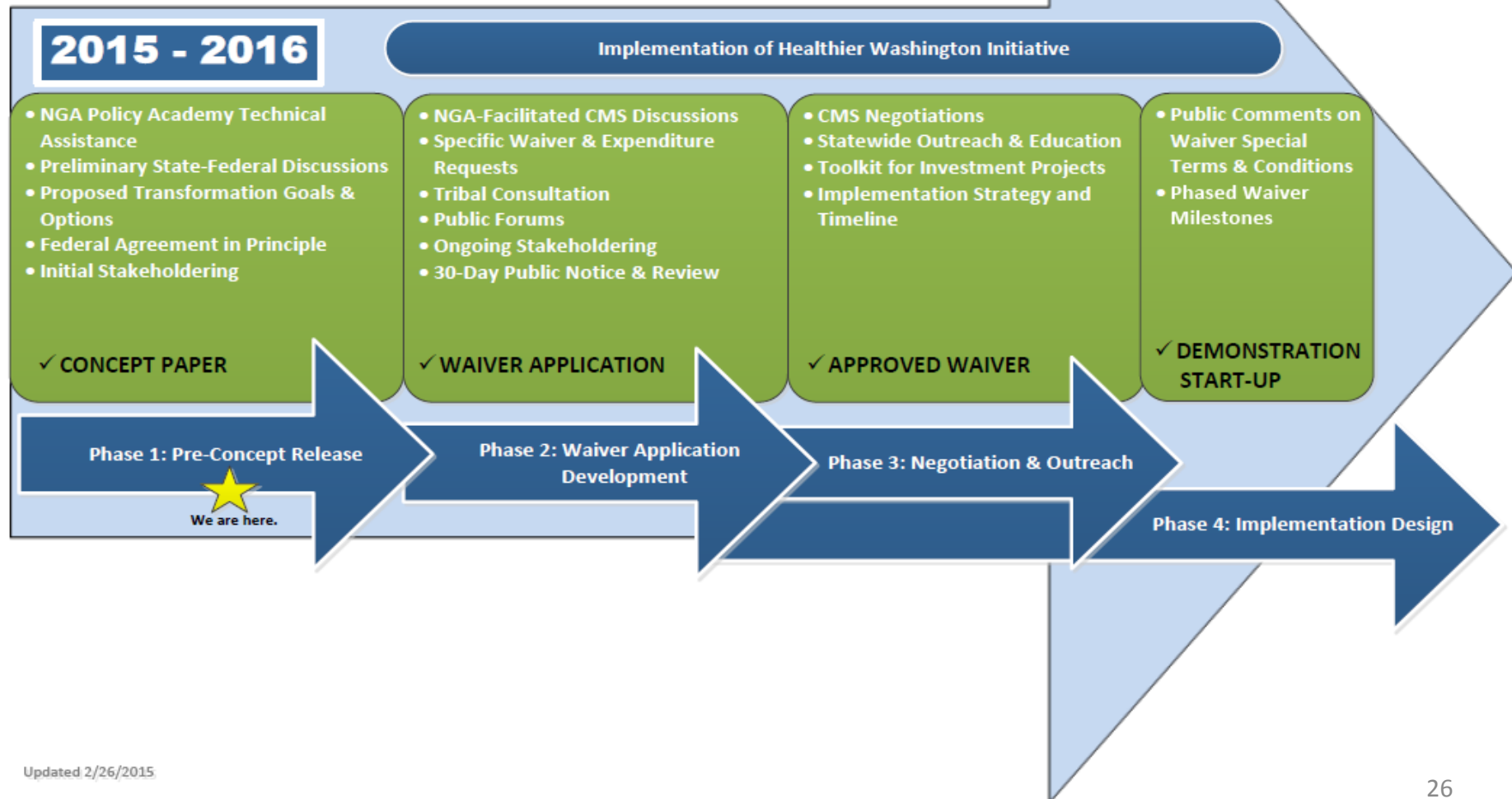


Finance Strategies for DSRIP Program

- To reinvest federal savings, DSRIP programs must have sources to fund the non-federal share.
- These sources act as the match to the federal contribution.
- Finance Strategies:
 - Designated State Health Programs (DSHP)/
Cost Not Otherwise Matchable (CNOM)
 - Intergovernmental Transfers (IGT)
 - State General Funds

Where are we now?

GLOBAL WAIVER: PRELIMINARY MILESTONES





National Governor's Association Policy Academy

- Washington is currently receiving technical assistance through the National Governor's Association (NGA) Center for Best Practices to identify ways to support statewide Medicaid transformation.
- This year-long policy academy (Nov. 2014-Oct. 2015) will explore how states can spur changes in how they pay for Medicaid and other health care services.
- NGA is facilitating dialogue between participating states and federal partners at CMS regarding opportunities for flexibility to leverage Medicaid as a driver of health system transformation.

We want to hear from you!



Upcoming Engagement Opportunities

- Webinar series
- Regular updates through the Healthier Washington Feedback Network and during standing meetings
- Tribal roundtables and consultations
- Public forums

Stay up to date on Medicaid Transformation news and materials online at:

[Healthier Washington Medicaid Transformation](#)

Contact us by emailing medicaidtransformation@hca.wa.gov



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Questions?

**Join the Healthier
Washington Feedback
Network:**
healthierwa@hca.wa.gov

Learn more:
www.hca.wa.gov/hw

Questions:
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